

FBIS
Challis

FOREIGN BROADCAST INFORMATION SERVICE

P. O. Box 2604

Washington, D. C. 20013

MHQ-5114

14 October 1985

Mr. Roland Challis
Acting General Manager
BBC Monitoring Service

Dear Roland:

STAT

I understand from [] that Alec Stevens proposed that for the 1986 PMU rent we eliminate the charges to FBIS for the paper BBC is using and instead peg the PMU rental to the current going rate for commercial square footage in the Reading area. The proposal presumably is that costs for the PMU henceforth would be figured on the basis on the going commercial costs, plus utilities and cleaning services.

We certainly agree this is a more straightforward procedure than charging for paper BBC uses, which didn't make a whole lot of sense. The only thing that might now confuse our auditors is why we pay rent for the PMU but not for other areas occupied by FBIS. The amount of £10 per square foot seems reasonable if you figure that only FBIS benefits from the product. But my understanding is that over the past several years BBC's utilization of the PMU product has expanded, currently running at about 57%.

STAT

I have told [] that we will agree to the amount of £30,347 specified in Alec's 18 September memo on "PMU Charges 1985/86" which corresponds to the FBIS fiscal year 1986. So the matter is taken care of for the next year.

But I would like to suggest that we put on the agenda for the next policy meeting in the spring the question of how FBIS costs at Caversham should be shared. We do not, for example, charge BBC for use of the satellite dish, nor does BBC charge us for use of space by our traditional facilities. But we might agree to some principles by which charges are figured for shared usage, a rationale on FBIS expenditures at Caversham that would be logical, sensible and easily understood by those grim folks who govern our respective budgets. This seems all the more important with the space changes planned or contemplated for the future.

I hope things are going well with you. With the Reagan-Gorbachev summit coming up I suspect we will all be kept hopping. My best regards to you.

Sincerely,

STAT

[]

Director

cc: Chief, London Bureau

Mr. Roland Challis

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DDS&T/FBI 14 Oct 85)

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LONDON BUREAU
FOREIGN BROADCAST INFORMATION SERVICE
c/o BBC MONITORING SERVICE
CAVERSHAM PARK, READING, BERKS.
RG4 8TZ

20 September 1985
MLD-5040

STAT

Chief, Operations Group

Dear Jerry:

Subject: PMU Rent - 1986

Alec Stevens, Head of Personnel and Administration of the BBC Monitoring Service, came by to reopen our earlier discussion of the method by which FBIS reimburses the Monitoring Service for the premises occupied by the PMU. I had indicated that it seemed odd that part of the current payment was being used to pay for paper being used to print FBIS field bureau copy in the BBC Newsroom. Alec had responded by saying that the paper payment deal had been arranged with an earlier bureau chief but that BBC would not object to abandoning the procedure as long as the cost of the PMU space itself was established at what he termed a more realistic current level.

Now Alec reopened the discussion by saying he had researched the origin of the first payments for the PMU rent to the extent now possible and had found that the initial figure had been arbitrarily adjusted to fit a predetermined 35.4% of the then-going commercial rate. Later, when the paper payment issue had arisen, it had been agreed to include it as a "hidden" element in the overall PMU rental charge. The reason advanced by FBIS for handling it in this manner was that it was a necessary subterfuge forced upon us by "buy American" pressures in Washington. The paper costs, taken together with the artificially lowered costs for the premises, have been running at about 97% of actual current costs for the premises alone.

Alec now proposed eliminating charges for paper from the annual reimbursement and pegging the costs for the premises to the actual current going rate for commercial square footage in the Reading area, which he said is now £10/square foot. Total costs for PMU henceforward would be figured on the basis of the going square footage costs, plus utilities and cleaning services.

Calculating expected costs for 1986 on that basis he had come up with a figure of £30,347, as compared with the £31,500 he had earlier projected (£13,500 for the PMU and £18,000 for the paper). He felt this would be a more straightforward procedure, eliminating the paper element as a potential source of misunderstanding and linking PMU costs to the true going rate for commercial space.

Obviously the hole through which one could drive a truck is no smaller if called "square footage costs" rather than "paper costs," and the net result is that FBIS agreement to pay for BBC-used paper will have resulted in hiking PMU costs to the current square footage rate. However, I could see no ground for complaint, FBIS having committed itself to paying for the paper. I therefore told Alec I would put this to Headquarters for approval when submitting the figures for 1986 costs. It is rather more straightforward, and at least the square footage rate is one we can check, whereas paper costs and the amount of paper BBC uses cannot easily be monitored. We have checked costs for office space in commercial buildings in the Reading area and found that £10/square foot is in fact significantly lower than current commercial charges, which are running at £12 - £14/square foot. So on that account we're not doing badly.

Not considered in this is the larger question whether FBIS should be paying PMU rent at all, or at least at a lower rate in view of figures showing they use some 57% of PMU copy in one way or another. I have raised this in a note to Roland Challis saying that the above approach is being referred to Headquarters with a recommendation to approve but that the larger question is likely to become increasingly an issue as BBC use of the PMU product mounts.

For now, I recommend we accept the proposed method and the amount of payment for FY-1986.

Sincerely,

Chief, FBIS London Bureau

cc: C/AS, C/B&F, C/E&PS

ATTN: Stevens' 18 September 1985 memo,
Subject "PMU Charges 1985/86"

From: Head of Personnel & Administration, Monitoring Service

Room No. &
Building:

207 Caversham Park

Tel.
Ext.: 211

date: 18th September 1985

Subject: PMU CHARGES 1985/86

To: Chief, London Bureau FBIS

Further to my memo of 29th July 1985, The PMU charge for your financial year 1985/86 has now been calculated and amounts to £30,347. The elements which make up this increased charge are:

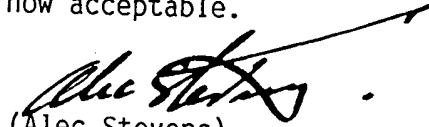
Increases : General Council and Water rates, Power, light and heat costs
Household maintenance and cleaning costs.

Decreases: Building maintenance costs (new portacabin will require no maintenance in the immediate future).

Telephones costs (no extension off the MS exchange now)

AS requested I have not included any charge in respect of paper, but have calculated the accommodation charge at the local going rate of £10 per square foot. This rate is applicable to good quality temporary accommodation in the Reading area.

I hope that the new figure is now acceptable.


(Alec Stevens)

No. 6912
AS/20